



Fisheries and Oceans
Canada

Pêches et Océans
Canada

Deputy Minister

Sous-ministre

Protected B

2019-012-00298

MEMORANDUM FOR THE MINISTER

**OFFSHORE FISHERIES SCIENCE VESSEL (OFSV)
PROJECT ESCALATION CONTINGENCY
(FOR DECISION)**

s.21(1)(b)

s.69(1)(g) re: (a)

s.69(1)(g) re: (c)

SUMMARY OF ADVICE TO MINISTER

As of May 1st, 2019, the OFSV project had authorized approximately \$19.5M of spending. Your approval is required for the project to access [REDACTED] in order to fund escalating project costs such as labour rates and owner's changes, as well as other unexpected increases to project costs including transition into service costs.

A decision is requested by July 5th, 2019 in order to adjust the OFSV Shipbuilding Contract with Vancouver Shipyards in a timely fashion and further advance the project in a seamless manner. PSPC is concurrently seeking approval from their Minister.

BACKGROUND

The \$687.0M OFSV budget included a [REDACTED] contingency specifically identified to address escalation to the shipbuilding ceiling price due to owner's changes, foreign exchange fluctuations, commodity price adjustments and changes in labour/overhead rates. [REDACTED]

STRATEGIC CONSIDERATIONS

s.20(1)(c)

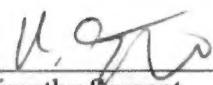
s.21(1)(b)


As of May 1st, 2019, spending has been authorized for approximately \$19.5M [redacted] of the escalation contingency. Access to the remainder of the contingency funding [redacted] is now required in the context of upcoming negotiations of final labour rates with the yard and to address OFSV transition into service expenses as well as owner's changes necessary to reflect operational requirements such as cabin divisions to allow for additional personnel, galley modifications, and exhaust casing.

Your approval to commit [redacted] contingency funding is requested by July 5th, 2019 in order to adjust the Shipbuilding Contract with Vancouver Shipyards in a timely fashion and further advance the project in a seamless manner. Coast Guard and PSPC continue to actively monitor progress on the three OFSV, which are planned to be delivered in Summer 2019, Fall 2019, and Summer 2020, respectively. Any key OFSV issues will continue to be raised through the robust governance system in place.

ADVICE AND RECOMMENDATIONS TO MINISTER

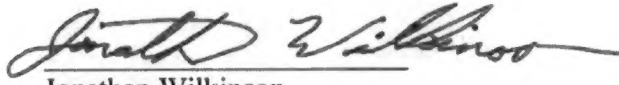
It is recommended that you approve spending [redacted] in OFSV project escalation contingency by July 5th, 2019. The funds will not be committed before ministerial approvals are received. This decision is required irrespective of other discussions [redacted]

(8-1) 
Timothy Sargent
Deputy Minister


for Jeffery Hutchinson
Commissioner
Mario Pelletier, A/Commissioner

☒ I concur with the recommendations

☐ I do not concur with the recommendations


Jonathan Wilkinson
Minister

Minister's Comments: